

House Study Bill 526

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON TYMESON)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act creating the Iowa proprietary tuition grant program and
2 providing an appropriation.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5502YC 81
5 kh/je/5

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1 Section 1. FINDINGS. The general assembly finds all of
2 the following:

1 3 1. Students choosing to attend an institution of higher
1 4 education in Iowa are fortunate because they have so many
1 5 outstanding higher education institutions from which to
1 6 choose. Iowa offers excellent state universities, community
1 7 colleges, not-for-profit private colleges, and for-profit
1 8 educational institutions. Students can choose the particular
1 9 type of institution that fits their needs.

1 10 2. Each institution has a specific mission resulting in a
1 11 distinctive learning experience, thus it is appropriate for
1 12 distinctive state-funded benefits to serve distinct needs.

1 13 3. In 1969, the state recognized the importance of private
1 14 colleges as a separate and distinct sector of higher education
1 15 through the creation of the Iowa tuition grant program.

1 16 4. The unique nature of the for-profit proprietary
1 17 institutions suggests that a separate grant program be
1 18 available for this sector.

1 19 Sec. 2. Section 261.2, subsection 2, Code Supplement 2005,
1 20 is amended to read as follows:

1 21 2. Administer the tuition grant program and proprietary
1 22 tuition grant program under this chapter.

1 23 Sec. 3. Section 261.9, subsection 1, paragraph b, Code
1 24 Supplement 2005, is amended to read as follows:

~~1 25 b. Is accredited by the north central association of~~
~~1 26 colleges and secondary schools accrediting agency based on~~
~~1 27 their requirements, is exempt from taxation under section~~
1 28 501(c)(3) of the Internal Revenue Code, and annually provides
1 29 a matching aggregate amount of institutional financial aid
1 30 equal to at least seventy-five percent of the amount received
1 31 in a fiscal year by the institution's students for Iowa
1 32 tuition grant assistance under this chapter. Commencing with
1 33 the fiscal year beginning July 1, 2006, the matching aggregate
1 34 amount of institutional financial aid shall increase by the
1 35 percentage of increase each fiscal year of funds appropriated
2 1 for Iowa tuition grants under section 261.25, subsection 1, to
2 2 a maximum match of one hundred percent. The institution shall
2 3 file annual reports with the commission prior to receipt of
2 4 tuition grant moneys under this chapter. ~~An institution whose~~
~~2 5 income is not exempt from taxation under section 501(c) of the~~
~~2 6 Internal Revenue Code and whose students were eligible to~~
~~2 7 receive Iowa tuition grant money in the fiscal year beginning~~
~~2 8 July 1, 2003, shall meet the match requirements of this~~
~~2 9 paragraph no later than June 30, 2005.~~

2 10 Sec. 4. Section 261.9, Code Supplement 2005, is amended by
2 11 adding the following new subsections:

2 12 NEW SUBSECTION. 5A. "Proprietary institution" means an
2 13 institution of higher learning located in Iowa which is
2 14 operated privately and not controlled or administered by any
2 15 state agency or any subdivision of the state, is accredited by
2 16 the north central association of colleges and secondary
2 17 schools accrediting agency based on its requirements, and
2 18 annually provides a matching aggregate amount of institutional

2 19 financial aid equal to at least seventy-five percent of the
2 20 amount received in a fiscal year by the institution's students
2 21 for proprietary tuition grant assistance under this chapter.
2 22 Commencing with the fiscal year beginning July 1, 2006, the
2 23 matching aggregate amount of institutional financial aid shall
2 24 increase by the percentage of increase each fiscal year of
2 25 funds appropriated for proprietary tuition grants under
2 26 section 261.25, subsection 1A, to a maximum match of one
2 27 hundred percent. The institution shall file annual reports
2 28 with the commission prior to receipt of tuition grant moneys
2 29 under this chapter. The institutions defined in this
2 30 subsection shall meet the criteria in subsection 1, paragraphs
2 31 "d" through "g".

2 32 NEW SUBSECTION. 5B. "Proprietary tuition grant" means an
2 33 award by the state of Iowa to a qualified student who attends
2 34 a proprietary institution as provided in section 261.18.

2 35 Sec. 5. Section 261.9, subsection 7, Code Supplement 2005,
3 1 is amended to read as follows:

3 2 7. "Tuition grant" means an award by the state of Iowa to
3 3 a qualified student under this division, but does not include
3 4 a proprietary tuition grant awarded pursuant to section
3 5 261.18.

3 6 Sec. 6. NEW SECTION. 261.18 PROPRIETARY TUITION GRANTS.

3 7 1. A proprietary tuition grant program is established to
3 8 be administered by the commission.

3 9 2. A proprietary tuition grant may be awarded to a
3 10 resident of Iowa who is admitted and in attendance as a full=
3 11 time or part-time resident student at an accredited
3 12 proprietary institution, establishes financial need and, in
3 13 accordance with the rules and regulations of the commission,
3 14 meets the following conditions:

3 15 a. Completes and files an application for a tuition grant.

3 16 b. Provides for the submission of the parents'
3 17 confidential statement for processing, the processed
3 18 information to be returned both to the commission and to the
3 19 proprietary institution in which the applicant is enrolling.

3 20 c. Reports promptly to the commission any information
3 21 requested.

3 22 d. Files a new application and parents' confidential
3 23 statement annually, on the basis of which the applicant's
3 24 eligibility for a renewed proprietary tuition grant will be
3 25 evaluated and determined.

3 26 3. A qualified full-time resident student may receive
3 27 state financial aid in the form of proprietary tuition grants
3 28 or Iowa tuition grants for not more than eight semesters of
3 29 undergraduate study or the trimester or quarter equivalent. A
3 30 qualified part-time resident student may receive proprietary
3 31 tuition grants or Iowa tuition grants for not more than
3 32 sixteen semesters of undergraduate study or the trimester or
3 33 quarter equivalent.

3 34 4. The amount of a proprietary tuition grant to a
3 35 qualified full-time student for the fall and spring semesters,
4 1 or the trimester or quarter equivalent, shall be the amount of
4 2 the student's financial need for that period. However, a
4 3 proprietary tuition grant shall not exceed the lesser of the
4 4 following:

4 5 a. The total tuition and mandatory fees for that student
4 6 for two semesters or the trimester or quarter equivalent, less
4 7 the base amount determined annually by the commission, which
4 8 base amount shall be within ten dollars of the average tuition
4 9 for two semesters or the trimester or quarter equivalent of
4 10 undergraduate study at the state universities under the
4 11 control of the board of regents, but in any event the base
4 12 amount shall not be less than four hundred dollars.

4 13 b. For the fiscal year beginning July 1, 2006, and for
4 14 each succeeding fiscal year, four thousand dollars.

4 15 5. The amount of a proprietary tuition grant to a
4 16 qualified full-time student for the summer semester or
4 17 trimester or quarter equivalent shall be one-half the amount
4 18 of the proprietary tuition grant the student receives under
4 19 subsection 4.

4 20 6. The amount of a proprietary tuition grant to a
4 21 qualified part-time student enrolled in a course of study
4 22 including at least three semester hours but fewer than twelve
4 23 semester hours for the fall, spring, and summer semesters, or
4 24 the trimester or quarter equivalent, shall be equal to the
4 25 amount of a proprietary tuition grant that would be paid to a
4 26 full-time student times a number which represents the number
4 27 of hours in which the part-time student is actually enrolled
4 28 divided by twelve semester hours, or the trimester or quarter
4 29 equivalent.

4 30 7. A proprietary tuition grant shall be awarded on an
4 31 annual basis. Payments under the grant shall be allocated
4 32 equally among the semesters, trimesters, or quarters and shall
4 33 be paid at the beginning of each semester, trimester, or
4 34 quarter upon certification by the accredited proprietary
4 35 institution that the student is admitted and in attendance.
5 1 If the student discontinues attendance before the end of any
5 2 semester, trimester, or quarter after receiving payment under
5 3 the grant, the entire amount of any refund due that student,
5 4 up to the amount of any payments made under the annual grant,
5 5 shall be paid by the proprietary institution to the state.

5 6 8. If a student receives financial aid under any other
5 7 program, the full amount of such financial aid shall be
5 8 considered part of the student's financial resources available
5 9 in determining the amount of the student's financial need for
5 10 that period. In no case may the state's total financial
5 11 contribution to the student's education, including financial
5 12 aid under any other state program, exceed the tuition and
5 13 mandatory fees at the proprietary institution the student
5 14 attends.

5 15 9. The commission shall administer this program and shall
5 16 do the following:

5 17 a. Provide application forms and parents' confidential
5 18 statement forms.

5 19 b. Adopt rules and regulations for determining financial
5 20 need, defining tuition and mandatory fees, defining residence
5 21 for the purposes of this section, processing and approving
5 22 applications for proprietary tuition grants, and determining
5 23 priority of grants. The commission may provide for proration
5 24 of funds if the available funds are insufficient to pay all
5 25 approved grants. Such proration shall take primary account of
5 26 the financial need of the applicant. In determining who is a
5 27 resident of Iowa, the commission's rules shall be at least as
5 28 restrictive as those of the board of regents.

5 29 c. Approve and award proprietary tuition grants.

5 30 d. Make an annual report to the governor and general
5 31 assembly, and evaluate the proprietary tuition grant program
5 32 for the period. The commission may require a proprietary
5 33 institution to promptly furnish any information which the
5 34 commission may request in connection with the proprietary
5 35 tuition grant program.

6 1 Sec. 7. Section 261.25, subsection 1, Code Supplement
6 2 2005, is amended to read as follows:

6 3 1. There is appropriated from the general fund of the
6 4 state to the commission for each fiscal year the sum of forty=
6 5 nine million six hundred seventy=three thousand five hundred
6 6 seventy=five dollars for tuition grants. ~~From the funds~~

~~6 7 appropriated in this subsection, an amount equal to ten~~
~~6 8 percent of the funds appropriated in this subsection shall be~~
~~6 9 reserved for distribution to students attending private~~
~~6 10 institutions whose income is not exempt from taxation under~~
~~6 11 section 501(c) of the Internal Revenue Code and whose students~~
~~6 12 were eligible to receive Iowa tuition grant moneys in the~~
~~6 13 fiscal year beginning July 1, 2003.~~ A for-profit institution

6 14 which, effective March 9, 2005, purchased an accredited
6 15 private institution that was exempt from taxation under
6 16 section 501(c) of the Internal Revenue Code, shall be an
6 17 eligible institution under the Iowa tuition grant program. In
6 18 the case of a qualified student who was enrolled in such
6 19 accredited private institution that was purchased by the for=
6 20 profit institution effective March 9, 2005, and who continues
6 21 to be enrolled in the eligible institution in succeeding
6 22 years, the amount the student qualifies for under this
6 23 subsection shall be not less than the amount the student
6 24 qualified for in the fiscal year beginning July 1, 2004.

6 25 Sec. 8. Section 261.25, Code Supplement 2005, is amended
6 26 by adding the following new subsection:

6 27 NEW SUBSECTION. 1A. There is appropriated from the
6 28 general fund of the state to the commission for each fiscal
6 29 year the sum of five million dollars for proprietary tuition
6 30 grants as provided in section 261.18.

6 31 EXPLANATION

6 32 This bill creates the Iowa proprietary tuition grant
6 33 program for students who are enrolled in and attending for=
6 34 profit, proprietary postsecondary institutions. The program
6 35 is modeled after the Iowa tuition grant program, and the bill
7 1 provides a standing annual appropriation of \$5 million to fund
7 2 the program.

7 3 PURPOSE. The bill provides the legislative findings
7 4 supporting the creation of the proprietary tuition grant
7 5 program and states that the purpose of the legislation is to

7 6 recognize the proprietary colleges as a separate and distinct
7 7 sector of postsecondary education by creating the program and
7 8 by making an appropriation that is allocated specifically for
7 9 use by eligible Iowa students attending the proprietary
7 10 institutions.

7 11 DEFINITIONS. The bill defines "proprietary tuition grant"
7 12 and changes the definition of "tuition grant" to provide that
7 13 the term does not include a proprietary tuition grant. The
7 14 bill defines "proprietary institution" as an institution
7 15 located in Iowa which is operated privately, is accredited by
7 16 the north central association of colleges and secondary
7 17 schools accrediting agency, and annually provides a matching
7 18 aggregate amount of institutional financial aid in the same
7 19 percentage amounts required of accredited private institutions
7 20 whose students are eligible for the Iowa tuition grant. The
7 21 institutions must file annual reports with the commission and,
7 22 like accredited private institutions, promote equal
7 23 opportunity and affirmative action efforts in the recruitment,
7 24 appointment, assignment, and advancement of personnel at the
7 25 institution; adopt a policy that prohibits unlawful
7 26 possession, use, or distribution of controlled substances by
7 27 students and employees on property owned or leased by the
7 28 institution or in conjunction with activities sponsored by the
7 29 institution; develop and implement a written policy addressing
7 30 sexual abuse; and adopt a policy to offer certain specified
7 31 options to students who are members of the Iowa national guard
7 32 or reserve forces of the United States and who are ordered to
7 33 state military service or federal service or duty.

7 34 STATE FINANCIAL AID LIMITATION. The bill provides that a
7 35 qualified full-time resident student may receive state
8 1 financial aid in the form of proprietary tuition grants or
8 2 Iowa tuition grants for not more than eight semesters of
8 3 undergraduate study or the trimester or quarter equivalent.
8 4 The bill also provides similar language limiting the amount of
8 5 state financial aid qualified part-time resident students may
8 6 receive to not more than 16 semesters of undergraduate study
8 7 or the trimester or quarter equivalent.

8 8 LSB 5502YC 81
8 9 kh:rj/je/5